Early Warning System

IFC-37978

GTLP-SMBC

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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	C
Voting Date	2016-05-22
Borrower	Sumitomo Mitsui Banking Corporation
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 500.00 million
Loan Amount (USD)	$ 500.00 million
Project Cost (USD)	$ 1,000.00 million

Project Description

According to IFC website, The proposed project falls under the Global Trade Liquidity Program, an innovative and well received trade finance program launched by the International Finance Corporation in 2009. GTLP provides liquidity or guarantees to global or regional banks with large financial institution networks. Through GTLP, banks are able to grow their credit limits, manage risk, and support trade in the emerging markets. The proposed project involves establishing a funded risk sharing facility with Sumitomo Mitsui Banking Corporation for up to US$1.0 billion to share the risk on a portfolio of emerging market issuing banks.

The facility is expected to have the following development impacts:
1. Increased access to finance: The project will increase access to finance for the Emerging Market importers and exporters. Improved availability of credit is expected to benefit producers and importers, including SMEs) along the value chain and therefore support growth, sustain employment, and encourage the generation of higher incomes.
2. Strong demonstration effect through partnership with a major international bank and by mobilizing other program participants to support trade finance, the Project will have a strong demonstration effect by encouraging greater local/regional bank participation in EM trade finance which will increase access to finance for importers and exporters.

Investment Description

- International Finance Corporation (IFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Sumitomo Mitsui Banking Corporation (Financial Intermediary)

Private Actors Description

SMBC was established in April 2001 through the merger of two leading banks: The Sakura Bank, Limited and The Sumitomo Bank, Limited. It is a wholly owned subsidiary (and the core unit) of the Sumitomo Mitsui Financial Group, a financial conglomerate including other financial services such as deposit taking, lending, securities retail sales and trading, securities investment, funds transfers, foreign exchange, insourcing of financial futures transactions, corporate bond trustee and custody services, trust bank business, investment trust sales, securities intermediary business, retail sales of insurance products, and other credit related businesses.

SMBC is one of Japan’s leading banks with an extensive network domestically and growing international presence. The Bank has 441 branches/offices in Japan (excluding subbranches and agencies), 17 overseas branches (excluding subbranches and representative offices) globally, and over 28,000 employees.

As of September 30, 2015, the Bank had total assets of JPY156,487.5 billion, of which total loans constituted 44% or JPY68,796.9 billion. Total deposits equaled JPY92,002.9 billion and total equity of JPY6,313.2 billion at the end of the period. It has a relatively strong liquidity position and good credit quality. While it has a significant track record in Asia with a dominant position in Japanese consumer and corporate finance, its strategy is to expand its global presence and customer base.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Campaign Documents

- Business and Human Rights Resource Center: Carbon Disclosure Project 2010 Global 500 Report
- Business and Human Rights Resource Center: Worldwide Investments in Cluster Munitions: a shared resp

Media

- Business and Human Rights Resource Center: Extracting troubles - Kashagan oil field